The Railroads In 1903

Theye'r Spending Enormous Sums in These Prosperous Days

Several of the great railroad presidents have discussed the railroad situation for the benefit and information of THE SUN's readers and what they say is printed below. These are the questions which were submitted for their consideration:

Will in your judgment, the net earnings of the railroads of the country amount to as much in the coming year as in the past? Are expenditures for betterments and equipment nearing completion?

To what extent can railroads stand further advance in the wages of employees?

To what extent will the result of improvements made reduce operating expenses?

What is your opinion as to the working of the Interstate Commerce law, and what changes in this law or others affecting railroads, such as legalizing pools, &c., would you suggest?

Do you believe that the tendency shown in the past year of expenses of conducting railroad transportation to increase will increase or diminish?

President John M. Hall.

NEW HAVEN, Conn., Jan. 2.—President John M. Hall of the New York, New Haven and Hartford Railroad Company gave these answers to THE SUN's questions:

"I have great doubts whether the net earnings of the railroads of the country generally will amount to as much for the present fiscal year as in the past, owing to the enormous increase in operating expenses due to the increased price of coal, labor, equipment, and all the materials and supplies that are necessary for the operation of railroads. While the business done by the railroads will, I think, show a considerable increase, yet it will not be sufficient to overcome in net earnings the items named above.

"It must be remembered also that while the cost of everything required for the operation of a railroad has been increased the fares have not been increased at all, and the freight rates only slightly in some parts of the country, and even this slight increase, which is both reasonable and proper, is now questioned by public authorities.

"Expenditures for betterments and equipment never end on a railroad and, therefore, I do not think they can be said to be nearing completion. Expenditures for betterments, such as the elimination of grade crossings, are apparently no nearer an end than they were a dozen years ago, except so far as such grade crossings have been actually removed.

"Equipment, such as locomotives, freight and passenger cars and parlor and sleeping cars, was never in such demand as to-day, and probably in no year hitherto in the history of railroads has so large an amount of general equipment been ordered as this year. Every locomotive and car shop in the country is filled with orders for probably a year ahead.

"The extent to which railroads can stand further advance in the wages of employees depends upon the financial ability of each railroad company. I think the late advances on some railroads will be found quite a serious item when dividends to stockholders have to be considered.

"Stockholders who have invested their money in railroad property are certainly entitled to some reasonable return upon their capital so invested. All the earnings of the railroad cannot safely be used in raising the wages of railroad employees. They are entitled to, and I think now receive, fair, reasonable and equitable returns for their labor, and anything beyond what is fair and reasonable must necessarily endanger the ability of the company to pay reasonable dividends to stockholders.

"I think, so far as the rates of pay on New England railroads are concerned, that at the present time, even with the late increases on some large systems of railroads outside of New England, they are practically as high here as elsewhere, and, so far as I know the employees of our New England railroads are contented and happy.

"The extent to which improvements made will reduce operating expenses is a very broad question, and time and experience only can answer it. If improvements refer to better equipment, improved roadbed and safety appliances for operation, and ability to haul larger loads, I think they will result in economical operation, but to what extent it is difficult for any one to say at the present time.

"If improvements mean the elimination of grade crossings by very large expenditures, I think the interest on the cost of such improvements will always be more than any amount that would be saved by the wages of flagmen or the cost of accidents at such crossings. Nevertheless, I thoroughly believe in eliminating them as fast as possible, and thus far no railroad has spent as much money in that direction as the New York, New Haven and Hartford.

"While I have an opinion as to the workings of the Interstate Commerce law and also regarding certain changes in that law that are desirable, the subject involves so many questions that I have, and I therefore, prefer to say nothing on this subject.

"I think the apparent increase in expenses of conducting railroad transportation is due largely to the increased business of the railroad companies, which always involves an increase in operating expenses, and, therefore, I do not think it will diminish materially until the business diminishes."

President C. S. Mellen.

ST. PAUL, Jan. 2.—C. S. Mellen, President of the Northern Pacific Railway Company said:

"In answering these questions I speak only for my own road, the Northern Pacific. I believe the net earnings of this road for the coming year will be in excess of the net earnings of last year.

"The expenditures for betterment and equipment on this road are not nearing completion; they can never near completion on any enterprising road that operates through a growing country. We are constantly building new lines, buying new rolling stock and in every way bettering the road.

"We can stand very little increase in the wages of employees. We are reducing rates and are disposed to increase the wages of our employees to the extent we are able.

"I do not know that the improvements which are being made for the betterment of the road will have the effect of reducing rates. In operating the Northern Pacific during the present year we must overcome advances in materials and labor, increases of taxes and reduction in rates aggregating two millions of dollars.

"I cannot see that the working of the Interstate Commerce law has had any beneficial effect on the working of this railroad. So far as pooling is concerned, we do not care for it and should not avail of it if it were legal. We have no trouble with our neighbors and do not anticipate any.

"I cannot see anything at present that will have the effect of diminishing the expenses of conducting railroad transportation. Those expenses must of necessity increase.

"The general situation in the West is good. Business is not increasing as it was during the earlier months of the year, but there will be a considerable increase over the business of last year. For a single track road the Northern Pacific is handling a very large business.

"With many people, some of the newspapers and the Legislatures of the States in opposition, some of the gentlemen in my line of business are inclined to be a little pessimistic. I believe we shall make a better showing than in any previous year, and hope in so doing to keep in friendly touch with the people."

President M. E. Ingalls.

CINCINNATI, Jan. 2.—These answers were returned by M. E. Ingalls, president of the Big Four:

"I should think the net earnings of railways for next year would be equal to those of the last. It may be, however, that the expenditures for betterments and equipment have been so far completed that money will be saved this year which last was put into new work.

"Much of the railways have already advanced their wages to about the limit.

"The improvements that have been made will in time reduce the operating expenses, but just now the railways are so pressed with business that the cost of operating has increased. As business gradually decreases, the cost of operating will be reduced from improvements that have been made.

"The law should be amended so that railways and railway contracts should be protected like other business transactions. The Sherman law, so called, should be repealed so far as it applies to railway contracts. As construed to-day, it is in restraint of business and to the detriment of the public.

"The expenses of conducting transportation will undoubtedly increase until checked by a business panic or the necessity of radically reducing expenses."

Pennsylvania Optimistic

PHILADELPHIA, Jan. 2.—A high official of the Pennsylvania Railroad Company, in reply to THE SUN's questions said:

"I have little doubt that the net earnings of the railroads will increase. The great amount of money that has been spent in betterments all over the country will now begin to show materially in the earnings, and I believe that the next year will reveal a marked increase in the railroads' profits.

"The expenditures for improvements and equipment, however, are not nearly completed. In fact they are no more than begun, especially in my own line. The orders which we have already given will cover several years, and the next three or four years at least will see an almost uninterrupted continuation of larger expenditures.

"I do not believe that we could stand another increase of wages, certainly not for a great many years to come. As it was, even before the 10 per cent. raise, no railroad in the country paid higher wages than the Pennsylvania, and in many cases we paid the highest. It has always been our policy to get the best service, and we are willing to pay for it, and that is what we are doing.

"As to our improvements reducing operating expenses, there is no doubt of that. That is what the improvements are made for. It is the scheme of the Pennsylvania to take advantage of the good times to get the lines in good condition for the bad times. Relatively speaking, the expense of operating the road is decreasing, though in certain particulars, so far as operations increase expenses are bound to advance."

President E. T. Jeffery.

E. T. Jeffery, president of the Denver and Rio Grande Railroad, when asked if in his judgment the net earnings of the railroads in 1903 would equal those of 1902 said:

"If the railroad companies pursue the prudent and justifiable policy of advancing rates in proportion to the increase in cost of labor and material, there is a certainty that the net earnings of the leading carriers will, in 1903, equal those of the year just closed. If the railroad companies do not pursue such a policy it, of course, would be unreasonable to expect equal net earnings under the changed conditions as to market prices of labor and material.

With regard to future expenditures for betterments Mr. Jeffery said: "The expenditures of the railroad companies in this country for betterments and additional equipment are undoubtedly nearing completion. I mean those due to the remarkable growth of traffic in the last two or three years. But it must be borne in mind that with the growth of the country in population and wealth improvement expenses varying in extent must continue for a long time to come.

"If the railroad companies can make from time to time such reasonable increases in transportation rates as will offset advances in wages of employees, the latter can, of course, receive moderate increases in compensation from time to time. It is becoming generally understood by working men in all branches of trade and industry that they must support their employers in securing remunerative prices to the end that the workmen can have satisfactory pay for their labor.

"It is difficult at this time to estimate the reduction in railway operating expenses that will result from improvements made within the last few years by the railways in the United States. All I can say just now is that were it not for these improvements, operating expenses would certainly be higher than they are to-day."

President Edwin Hawley.

Edwin Hawley, president of the Minneapolis and St. Louis and the Iowa Central Railroads, and a member of the executive committee of the Southern Pacific system, spoke in a strain of confidence and hopefulness.

"In a general way the outlook is exceedingly good," he said. "There is nothing in sight to indicate any interference with our prosperity. Business conditions are good and the underlying industrial conditions are good, both promising most favorable results so far as the railroads are concerned."

The question as to whether the net earnings of the railroads in 1903 would equal those of last year, Mr. Hawley said, would depend altogether on rate conditions, as would the ability of the railroads to make further increases in the pay of employees. Improvements to railroad properties, he said, would continue for some time. Considerable new work is now in progress along the railroads in which he is interested. Mr. Hawley said that he could not say that the result of the improvements made would materially reduce operating expenses. On the other hand, there was a tendency to increase the operating expenses of railroads in consequence of the increase in the cost of labor and materials.

Asked if he would suggest any changes in the Interstate Commerce law, Mr. Hawley said: "I am of the opinion that the Interstate Commerce law ought to be amended or modified so as to legalize railroad pools."

Nathan Guilford

Nathan Guilford, traffic manager of the New York Central railroad and at one time a Trunk Line Commissioner, is regarded by railroad men generally as an authority on traffic matters. Commenting on existing conditions and the prospects for 1903 he said:

"I see no reason why the volume of railroad traffic should not keep up equal to that of last year. I believe that the rate conditions now are better than they have been within the past year. As to whether the net earnings of railroads for 1903 will amount to as much as in 1902, I cannot say. That is a matter outside of my official sphere."

"I would like to correct a false impression that has gone abroad regarding the advances in freight rates made by the railroads," continued Mr. Guilford. "There has been no general advance in the tariff, as has been stated in some of the newspapers, and such increases in commodity rates as are about to take effect are more in the nature of restorations than anything else. The freight rates provided for in the official classification remain unchanged. There has been no proposition to increase the rate on any one of the six classes.

"There have been some changes in the commodity tariffs. These tariffs were established to meet special conditions. For instance, the Lake competition in the summer on grain and flour traffic forces the freight rates on those articles below the sixth class rate. Grain was originally in the sixth class and the sixth class rate is 25 cents per 100 pounds, Chicago to New York. The grain and flour rate during the summer went down to 17½ cents. The rate has now been put up to 20 cents, which is still considerably below the sixth class rate.

"Iron and steel articles are scheduled in the official classification in fourth and fifth class—carloads, and less than carloads respectively. The commodity rates prevailing for these articles during the summer have been practically fifth and sixth class. We have increased the rates on iron and steel only half way to the figures that the regular classification would call for. Dressed beef and provisions have been put in the sixth class. The rate has been carried during the summer for 5 cents per 100 pounds below the standard.

"You can see, therefore, that the railroads have made only such moderate advances in rates as are customary about Jan. 1, although the general increase in the cost of labor and material would have warranted a corresponding increase in the freight rates. We have heard of no objections on the part of shippers to the advances made in the rates. On the contrary, there is abundant assurance that the shippers appreciate the moderation of the railroads and are willing to pay the advances in the rates."

EXPANSION OF RAILROAD SYSTEMS.

Vast Projects Begun or Completed in 1902 — More Than $130,000,000 Spent.

By Earl D. Berry

In the matter of railroad construction the past year was notable not only for breaking a twelve years' record for new mileage, but for the extraordinary number of important lines projected, and in most instances begun. Exclusive of the laying of new tracks and sidings and the building of new electric railroads, there were a little more than 6,000 miles of new railroads constructed in this country during the year 1902. This is the largest showing of new mileage in any one year since 1888, and it exceeds the new construction of 1901 by about 700 miles.

Reaching Into the West.

More than $20,000,000 was expended last year in enlarging and improving railroad terminal facilities in California, Washington, Oregon and other Far Western States, and plans already determined upon by the old and the new railroad companies will call for the expenditure, west of the Rockies, of not less than $200,000,000 within the next two or three years. Nearly one-quarter of this amount is involved in the reconstruction of the Union Pacific and Southern Pacific systems and the extensions of their subsidiary lines.

The most important of the Southern Pacific improvements was begun during the year just closed, and it is well under way. This is the construction of the Ogden and Lucien Railroad, from Ogden, Utah, to Lucien, a distance of 107 miles. The completion of this new line, which cuts straight across Great Salt Lake, will shorten the main line of the Southern Pacific by thirty-nine miles. It eliminates a wide detour over the mountains and is designed to save both time and power in the hauling of freight and passenger trains.

Much of the old Central Pacific line (now Southern Pacific) between Ogden and San Francisco is being double tracked and provided with new sidings and stations at all important points. For incidental betterments of this character there was an outlay of more than $5,000,000 last year.

The Harriman management has also begun work on a new line from Los Angeles in southern California to Salt Lake City. A valuable link in this line will be the Carson and Colorado road, which is being broad-gauged for the purpose of opening up an outlet for the Southern Pacific system to southern California.

Senator Clark's Enterprise.

The San Pedro, Los Angeles and Salt Lake Railway, of which Senator W. A. Clark of Montana is president and principal owner, follows much the same route as that marked out for Harriman's Los Angeles line. There has been considerable clashing between these two interests, but within the past six months negotiations have been progressing satisfactorily toward an adjustment of all differences.

Work has proceeded throughout the year, with but little interruption on Senator Clark's road which will comprise 750 miles of main line and about 400 miles of branches. So much has been accomplished in the way of grading and track laying that the construction engineers express the belief that the entire road will be in operation before the close of the present year. In outstanding stock and bonds this project represents a capitalization up to date of $45,000,000.

Another new railroad line to the Pacific Coast is the Kansas City, Mexico and Orient, planned to extend from Kansas City, Mo., to Port Stilwell (Topolobampo) near the mouth of the Gulf of California.

The organizer and president of this railroad company is A. E. Stilwell of Kansas City, who has enlisted the active coöperation of George J. Gould in the project. Mr. Gould and Vice-President Russell Harding of the Missouri Pacific Railroad have recently become directors of the company and an official announcement is made that the Missouri Pacific will make use of the new line in developing southern California and Mexican traffic.

The Kansas City, Mexico and Orient will have a total mileage of about 1,590, of which about 590 miles are in Mexico, crossing that country from Presidio to Topolobampo Bay. Between 500 and 600 miles of this railroad were built last year and all of the other sections are under construction.

The Chihuahua and Pacific Railroad extending from Chihuahua to Minaca, 125 miles, has been acquired and will be used as the southern portion of the new system. Under the terms of its charter, the Kansas City, Mexico and Orient company will issue $22,500 in 4 per cent. bonds for each mile of completed road and $20,000 per mile each in common and preferred stock.

A later transcontinental railroad project was started last August by D. H. Moffat of Denver, who for many years was the controlling power in the Denver and Rio Grande Railroad. Mr. Moffat's projected road is the Denver, Northwestern and Pacific, which is to extend primarily from Denver to Salt Lake, a distance of about five hundred miles.

About $40,000,000 will be expended in constructing and developing this railroad, and an outlet to the Pacific Coast will be established by a connection with the San Pedro, Los Angeles and Salt Lake Railroad.

Building in Oklahoma.

Atchison, Topeka and Santa Fé interests have devoted much attention in the past year to extensions in Oklahoma. The Eastern Oklahoma Railway Company was organized to build fourteen lines in Oklahoma, comprising about 815 miles. Construction work has progressed diligently throughout the year and about 300 miles of new road have been completed up to date, at an outlay of about $4,000,000.

In July, 1902, the Atchison management purchased control of the California and Eastern Railway, extending from Blake to Manvel, Cal., a distance of forty-eight miles. About the same time the Atchison directors considered favorably a proposition to build an entirely new line from Portales, on the Pecos Valley branch, to Albuquerque, forming a cut-off which will shorten the main line to the Pacific Coast by 200 miles.

Northern Road Improvements.

Not less than $15,000,000 was expended in 1902 by the Northern Pacific and Great Northern Railroads in separate and joint improvements. Within the year the Northern Pacific has completed more than 100 miles of branches and extensions. The most important work includes the Washburn branch extending from Iron River, Wis., to Washburn, a distance of thirty-four miles.

Last October the Northern Pacific Railroad Company bought the Bellingham Bay and Eastern Railway, extending from Wickersham to Faribault and Whatcom in Washington, about twenty-three miles.

The Great Northern Railway Company spent fully $10,000,000 last year in improving its terminals, reconstructing portions of its road, and starting important extensions into the Manitoba region. About $1,750,000 was expended in making the Great Falls and Canada Railway a standard guage road from Great Falls to Sweet Grass, Mont., a distance of 135 miles.

A Vanderbilt Victory.

More than ordinary interest has been focussed on the Chicago and Northwestern Railroad during the year. For a while Wall Street was led to believe that the control of this great system was likely to be wrested from the Vanderbilts by the dominating influence in Rock Island affairs. Although the Moore brothers and their associates purchased large blocks of the Northwestern stock, the Vanderbilts, aided by Marshall Field of Chicago, kept the existing management intact.

The directors of the Chicago and Northwestern, however, looked with disfavor upon the close traffic alliance effected between the Union Pacific and the St. Paul roads and entered a formal protest against it. This new alliance gives to the St. Paul equal, if not greater, privileges than the Northwestern has enjoyed exclusively from the Union Pacific for several years. The Chicago and Northwestern directors recommended that the stockholders authorize an increase in the capital stock of the company of $25,000,000, of which $10,000,000 is to be issued in the near future.

Besides re-establishing cordial traffic relations with the Union Pacific Railroad, the Chicago, Milwaukee and St. Paul has benefited itself greatly during the year just closed by completing its Kansas City cut-off, an improvement costing about $6,000,000. This cut-off is a new line, 116 miles long, between Davenport, Ia., and Ottumwa, and it materially shortens the St. Paul's main line between Chicago and Kansas City. Branches from Zumbrota to Faribault, Minn., thirty-five miles, and from Eureka to Linton, N. D., forty-nine miles, have also been built within the year.

In order to provide funds to extend the St. Paul system to meet future competition the stockholders only recently authorized an increase in the stock issue of $25,000,000.

Rock Island's Great Achievement.

The most remarkable railroad feature of the year has been the rapid expansion of the Chicago, Rock Island and Pacific system. With less than 3,900 miles of road in January, 1902, that company now operates 7,050 miles of lines and has about 1,000 miles more under construction. This wonderful increase in mileage has been accomplished partly by the purchase of other roads and partly by the building of new lines and branches.

The Rock Island management has built more miles of new railroads within the past year than any other company in the country. In February an extension from Liberal, Kan., to Santa Rosa, N. M., 260 miles, was completed, giving the Rock Island a through line to the Pacific Coast via El Paso and the Southern Pacific, and a through line to the City of Mexico via the Mexican Central.

Early last spring the Rock Island Company purchased the Choctaw, Oklahoma and Gulf Railroad with 1,165 miles in operation, and immediately began the construction of half a dozen branches and connecting links in Oklahoma Territory. Fully 300 miles of new railroad in Oklahoma were completed by the Rock Island people during the year and nearly four hundred miles more of new road is under construction.

In April, 1902, a 300-mile extension from Fort Worth to Galveston was begun, and about the same time the Rock Island bought part of the Kansas City, Peoria and Chicago road, extending from Plattsburg, Mo. to Kansas City, forty-six miles. Work has also been rapidly progressing during the past twelve months on a 295-mile extension from St. Louis to Kansas City.

The Chicago, Rock Island and Pacific management completed during the year the purchase of the Burlington, Cedar Rapids and Northern, the Rock Island and Peoria and the St. Louis, Kansas City and Colorado railroads. When the new Rock Island lines, now under construction, are in operation the total mileage of the system will exceed slightly 8,050 miles.

This great system starting at Chicago reaches directly, St. Paul, Minneapolis, Sioux Falls, Omaha, Denver, Kansas City and Memphis and through those points and has its own lines and connections into all of the Southwestern territory and Mexico.

The Moore brothers—William H. and James H.—who control Rock Island, brought forth a new financial plan a few months ago which caused much discussion in Wall Street, but has been practically carried out. In order to provide funds for extensions, the stock of the old company was increased from $60,000,000 to $75,000,000. Subsequently, two new Rock Island corporations were formed—one an operating company with $75,000,000 of 4 per cent. bonds and $125,000,000 of stock; the other a securities holding company with an issue of $150,000,000 of stock divided into $54,000,000 preferred and $96,000,000 common. A proposition that the $75,000,000 stock of the original Chicago, Rock Island and Pacific Railroad Company be exchanged for the $75,000,000 4 per cent. bonds of the new operating company and $52,500,000 of the preferred and $75,000,000 common stock of the holding company is now under process of acceptance by the stockholders. This arrangement, it is asserted officially, will enable the Rock Island management to carry out successfully the far reaching plans for strengthening the system.

Frisco Extensions.

Another notable increase of mileage and influence last year was made by the St. Louis and San Francisco Railroad Company. By the acquisition of the Chicago and Eastern Illinois the Frisco placed itself in the front rank of the traffic-getting and rate-making railroads of the West. It will have an independent line between Chicago and St. Louis and Kansas City as soon as a short connecting link, for which plans have been made, is completed.

Since Jan. 1, 1902, about 250 miles of new lines have been built by the Frisco management in Texas and in Oklahoma. A trackage arrangement with the St. Louis Southwestern, made early in the year, gives the Frisco an advantageous entrance into Fort Worth, Tex. Construction on the new line from Ashdown, Ark., to Ardmore, I. T., is being pushed rapidly by Frisco engineers. Grading to Ardmore is already completed and track is being laid to a connection with the Oklahoma division at Lawton, Okla. The St. Louis and San Francisco's expenditures for permanent betterments in 1902 approximated $5,000,000, and as much more work is now in progress.

Rumors that either the Rock Island or the St. Louis and San Francisco would get control of the Chicago and Great Western were officially denied on two occasions last year, and early in December President Stickney of the Great Western announced a plan to increase the capital stock of his company from $30,000,000 to $50,000,000 for the purpose of making important extensions.

Arrangements have been made with the Mason City and Fort Dodge Railroad Company to extend its lines to Omaha and Sioux City and to purchase and improve certain branch lines belonging to the latter company, together making a system of 503 miles, connecting the main lines of the Chicago and Great Western at Oelwein, Ia., and at Hayfield, Minn. This scheme President Stickney says means the preservation of the independence of the Chicago and Great Western as a railroad system.

Gould's Battle in the East.

That the Gould interests have taken on obligations amounting to upward of $75,000,000 during the past year in the acquisition of railroad properties and in expenditures and contracts for new construction, is indicative of the determination of George J. Gould and his associates to reach the Atlantic coast with an independent line.

Since the purchase of the Wheeling and Lake Erie Railroad for the Wabash system in 1901, the Gould project of Eastern extension has developed rapidly. About sixty miles of new railroad was built in 1902 by the Pittsburg, Carnegie and Western Railroad Company, which was formed expressly to connect the Wheeling and Lake Erie with Pittsburg. This new line extends from Steubenville, Ohio, to Pittsburg.

Although there has been a great deal of delay on the part of the municipal authorities to vote the necessary grants for the establishment of Gould terminals in that city, it is believed that existing obstacles will be eventually removed, and that the new line will be in operation within the present year. About $3,000,000 has already been expended on this work and construction contracts for at least $8,000,000 more only await the favorable action of the Pittsburg councils to become effective.

President Ramsey of the Wabash system has declared that in the event of a refusal to allow his new road to enter Pittsburg he will build around that city and tap the principal industrial points by branches and spurs. About 125 miles of road is to be built east of Pittsburg in order to connect the West Virginia Central and Pittsburg and the Western Maryland railroads, which were purchased by the Gould interests only a few months ago.

The Virginia Central brings to the Wabash about 130 miles of railroad and extensive coal and coke properties. The Western Maryland adds 260 miles of railroad and very valuable terminal facilities and rights in Baltimore. Purchases and contracts made last year, together with the building of the Pittsburg, Carnegie and Western road, insure to the Goulds a direct outlet for their great Missouri Pacific system from St. Louis, via the Wabash, to Baltimore.

Extensions of the Gould system of railroads in the Southwest since Jan. 1, 1902, have absorbed between $15,000,000 and $20,000,000 of new capital.

Pennsylvania's Vast Projects.

President Cassatt and his associates in the management of the Pennsylvania Railroad sytem have given an object lesson to the railroad world in the matter of far-sighted enterprise. Expenditures aggregating $150,000,000 have been authorized within the last fifteen months for the extension and improvement of the Pennsylvania lines, the acquisition of new properties, additional equipment and reconstruction of terminal stations.

This sum includes $50,000,000 for the Hudson River tunnel and the underground entrance into New York city. It also includes many millions of dollars for the purchase of a controlling interest in subsidiary lines, the extension of branch lines and the acquisition of an immense amount of new equipment.

The Vanderbilts have spent about $20,000,000 since the first of last year in completing permanent improvements along the New York Central system, in this city, in Albany, Syracuse and Buffalo, also in extending its Beach Creek system in Pennsylvania, in improving the West Shore terminals at Weehawken, in reconstructing the Nickel Plate and the Lake Erie and Western, building new bridges, &c. Plans for the expenditure of about $25,000,000 on the New York Central system, including the remodelling of the terminals in this city, have practically been agreed upon.

Improvements on the Delaware, Lackawanna and Western have been widely distributed and have cost between $6,000,000 and $7,000,000 within the year. Many important betterments are still in progress on this road.

The Greatest Merger.

The largest railroad combination effected during the year was the absorption by the Atlantic Coast Line of first the Plant system and next the Louisville and Nashville, making a system of 10,166 miles of line, exclusive of the half interest of the Louisville and Nashville in the Chicago, Indianapolis and Louisville (Monon). This merger gains additional significance from the fact that the Atlantic Coast Line is controlled by interests friendly to the Southern Railway, which owns the other half of the Monon lines. The Southern operates about 7,700 miles of lines, and together with the new Atlantic Coast system gridirons every section of the South east of the Mississippi River.

Inasmuch as a great part of the railroad construction begun last year is still unfinished it is difficult to make an estimate of the amount of money expended during the year in the building of new lines, extensions and connecting links. Official records show that appropriations for new work and betterments aggregating about $200,000,000 were made during the year. Based on a rough calculation, the statement may be ventured that at least two-thirds of that sum has already been expended.